



## Cars for business use

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Company or private ownership? Outright purchase, hire purchase, lease, or some hybrid arrangement? So many variables.

Just a few of the basic questions business people ask about the provision of vehicles for themselves and their staff. The correct answer in each case depends on the circumstances relevant to the business and the personal preferences of those involved.

Company cars are increasingly becoming a target of the Inland Revenue as a taxable 'perk', in an attempt to encourage the adoption of a greener motoring policy. Yet for many businesses, providing staff with a company car is an essential tool for the job.

In all the confusion, the taxable costs may be overlooked and opportunities to reduce them missed. To minimise the tax liability there are a number of points to consider when providing a company car:

- The list price of the car
- Careful choice of accessories
- Opting for cars with lower rates of CO2 emissions
- Opting for greener alternatives

For those where a company car is a 'perk', that is individuals who do little business mileage and are provided with a car as an overall package, the current tax regime makes this 'perk' less attractive. The only people that might still find it beneficial are those who do a lot of private mileage, for the obvious benefit that they do not need to worry about repair bills, for example a, new set of tyres.

Once the decision has been made as to who will own the car has been resolved, often the next question is what is the best way to fund the purchase? Wherever you start, keep the sales adviser at bay and your pen safely in your pocket, at least until you have spoken to your accountant.

All major car manufacturers have authorised local dealerships which sell new or nearly new vehicles, alongside which they offer finance agreements, including hire purchase or 0% finance. Bear in mind dealers increase their margins on cars by selling finance as part of the package

If you are considering company or private car ownership it is advisable to consult your accountant even if you don't take them along for the test drive.

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